OPINION

BY NIAZ MURTAZA

Clueless on economy

2025 WAS the year of tall claims by our inept hybrid set-up based on actions it said would aid progress, but that, in fact, aided its own survival. Courts were defanged, risky deals struck with old patrons of autocracies and political foes jailed, all in the name of national progress.

Since the claims are tall and mass misery great, public hopes are high about delivery, which is crucial for the government, too, to help mask its dubious mandate. So, 2026 must be the year of growth. But herein lies the rub. This set of rulers has more autocratic powers than all set-ups after Gen Musharraf's, but they only help it to survive; its ability to use them to usher progress is weak. Painful IMF medicine was unleashed as well. It lowered inflation, but undercut growth. A recent national household survey shows that to recover from the cost of past inflation, strong growth is needed, which the IMF says may remain elusive even next year.

To spur growth, while also cutting our ever-rising external deficit, the set-up must raise investment and exports. Its best idea on exports so far seems to have been to set up committees of clueless people, while the best one on investments is to dash to Gulf states. But despite dozens of meetings, Saudi Arabia and others have given few inflows. We need industrialisation; instead, we seem to be chasing avenues such as crypto, corporate farming, mining and defence exports that may even impede major industry. What is on display is crony capitalism, autocratic excesses and a lack of ability to ignite sustainable and equitable progress.

Sadly, the main alternative to our crony capitalism is the free-market neoliberalism pushed by the IMF and like-minded national economists. While crony capitalism can't provide even the first two elements of progress — stability and growth — neoliberalism fails on equity and sustainability. It is na vely said that to have progress, we need reforms to cut taxes, reduce state size and deregulate across the board. But no major state has progressed based on this mix alone. The world's fastest growing state for decades, China, ranks in the lowest category 'repressed' on the Index of Economic Freedom.

Cosmologically, the debate rages on among adherents of natural evolution and intelligent design. But economically, global evidence shows that only an intelligent design developed by the visible hands of an able state delivers progress rather than natural evolution spurred only by the invisible hand of markets. A state-led intelligent design for us must include strategies for ensuring industrial and export upgradation and expansion, cutting regional and class inequities, ensuring sustainability and lessening the twin deficits. To pursue such a design, the state must not cut its size blindly — it must shed its fat, but develop muscles. Reforms on taxes, tariffs, subsidies, etc, under such a design are not open-ended, but sequenced to support all its elements, as done by China. People who talk of reforms without invoking such an intelligent design are as clueless as our hybrid set-up and the IMF.

But the minds who could lead such a progressive developmental design are nowhere to be seen in our economic and political arena. So, for the near future, we will continue to pursue an odd mix: pretending to implement neoliberalism but actually pursuing crony capitalism. None of our governments ever had the capacity to implement export-led growth, and all pursued import-led growth. The telltale sign of that was that in all our brief growth spurts in recent decades, foreign reserves fell despite growth, as it came from rising imports rather than exports. This raises the current deficit, depletes foreign reserves and takes us back to the IMF.

> What is on display is crony capitalism.

Unfortunately, this set-up faces a double jeopardy. It lacks the ability to provide export-led growth and also foreign reserves for import-led growth. Already, even with just two to three per cent growth, the external deficit is rising despite high remittances, as exports are stagnant while imports are increasing. The big dreams of the civilians in the set-up are centred on being able to churn up growth before elections and thus shun the economic-political crutches and shackles of the IMF and hidden forces. But given the inability to crank up our foreign reserves despite the three-pronged strategy of 'beg, borrow and squeeze' from the local market, they may have to continue serving both for long. Meanwhile, the chances of salvation for the masses will remain distant until democracy and civilian sway prevail. ■

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BY EHSAN MALIK

Quality growth

PAKISTAN'S persistently low GDP growth has bred impatience. Rising poverty, stubborn unemployment and compressed household demand have fuelled calls to exit the IMF programme or roll back its conditionalities. High taxes, an elevated policy rate and expensive energy are cited as evidence that stabilisation has come at the cost of growth. While the frustration is understandable, framing the debate as a choice between IMF discipline and economic recovery is misleading — and dangerous.

What Pakistan needs is not growth at any cost, nor relief measures that benefit a narrow segment of the elite, but *quality growth*: growth that creates jobs, raises incomes, strengthens exports and expands the tax base. Abandoning the IMF programme would not deliver this. It would simply repeat Pakistan's cycle of premature stimulus, external account stress and abrupt adjustment — each time leaving the economy weaker and the poor worse off.

The IMF programme was never designed to deliver rapid growth in the short term. Its purpose is to restore macroeconomic stability — a precondition for sustainable expansion. Inflation has begun to ease, the external account has stabilised and fiscal slippages are being contained, albeit slowly. Walking away now without addressing the structural weaknesses that caused the crisis would forfeit these gains.

Equally flawed is the belief that growth can be revived by reversing reforms that reduce protection and privileges, particularly tariff rationalisation. Tariffs are not a development policy; they are a tax on consumers and exporters. Rolling them back would protect inefficiency, raise input costs and deepen inequality by transferring benefits from millions of consumers and exporters to a small group of producers. That is not inclusive growth; it is rent preservation.

Some arguments for exiting the IMF also rely on implausible assumptions about alternative sources of foreign exchange. Claims that potential orders for the JF-17 could replace IMF inflows confuse aspiration with arithmetic. Such orders would be episodic and their net foreign exchange impact far smaller than headline values suggest, given the high import content of aircraft production. Strategic value aside, they cannot substitute for macro financing.

If Pakistan is serious about inclusive growth, the focus must shift to employment-intensive, export-oriented activity. The core economic failure is not slow GDP growth alone, but the inability to absorb a rapidly expanding workforce. Strategies reliant on protected domestic markets, capital-intensive sectors or speculation will inevitably exclude most Pakistanis. Agriculture, export-oriented manufacturing, tourism, IT and other services could absorb millions.

Encouragingly, quality growth *is possible even within the remainder of the IMF programme* if policy choices are aligned with reform rather than resistance.

First, the tax burden must shift away from those already documented and compliant. High rates imposed on a narrow base discourage investment and encourage informality. The urgency to secure the IMF programme has compromised equitable distribution of the tax burden. This imbalance should be urgently addressed, particularly for exporters and salaried employees, and offset by reducing non-development expenditures.

Second, as a matter of priority, targeted relief must be given to export-oriented and labour-intensive sectors, financed through loss reduction, governance reform and rationalisation of capacity payments. Competitive energy pricing is an investment in jobs and foreign-exchange earnings.

> The debate is about escaping the habits that made IMF inevitable.

Third, public spending must be re-prioritised. Growth driven by human capital — education, skills, health and nutrition — delivers far higher and more inclusive returns than untargeted subsidies or prestige projects.

Fourth, monetary credibility must be preserved. While interest rates can ease gradually as inflation subsides, premature loosening would reignite price pressures and erode real incomes. Price stability is essential for restoring confidence and investment.

Finally, the private sector must confront its own role. For decades, it has preferred protection and guaranteed margins over competitiveness. Demanding reform reversals while lamenting low growth is inconsistent. Export-led economies grow because firms invest in efficiency, scale and innovation — not because governments shield them indefinitely.

Pakistan's challenge is not that the IMF programme makes growth impossible. It is that quality growth requires choices that are harder than quick fixes. Inclusive growth demands discipline, reform and a willingness — by government and business alike — to redirect resources away from privilege towards productivity. ■

The writer, a former CEO of Unilever Pakistan and the Pakistan Business Council, serves on the boards of several public companies.

FROM THE PAST PAGES OF DAWN

1976 | Fifty years ago

Drug advertisements

ISLAMABAD: The Health Ministry today [Jan 19] warned people against advertising through various media drugs and other 'remedies' or offer of treatment of any disease. In a Press note issued here, the Directorate General of Health said that the products prohibited for advertisement under the Drugs Ordinance 1976 are: I) Any drug; II) Any substance used or prepared for use in accordance with the Ayurvedic, Unani, homeopathic or biochemic systems of treatment or any other substance … III) Any remedy, treatment or offer of a treatment for any disease.

It said the advertisement of these is prohibited by any means whatsoever, including advertisements through films, placards, posters, sign-boards, electric signs, in public transport or other public places by means of brochures or through newspapers, journals, Radio, Television or ... similar methods. … Penalties for such violation is imprisonment which may extend to five years or with fine which may extend to fifty thousand rupees or both. This is regarded as the first single step against quackery as [a] lot of ... dawakhanas have been trying to misguide the public... . — News agencies

1951 | Seventy-five years ago

Trade forecast

KARACHI: Pakistan's trade with the world (Bharat excluded) for the current year is expected to show a favourable balance of about Rs 28 crore as against last year's deficit of about Rs 37 crore. The dollar and sterling earnings of Pakistan through reports, according to expert estimates, are expected to touch the record peak level of Rs 130 crore. Exports last year brought only Rs 90 crore to Pakistan.

The values of imports, however, as a result of devaluation of sterling and other currencies, is not expected to go above Rs 102 crore during the current year. The improved balance of trade position has relieved Pakistan of its worries for external finance for the implementation of the Six-Year National Development Plan.

Larger foreign exchange earnings are expected to set in deflationary tendencies and corresponding fall in the cost of living. Besides the boom in prices, the increase in Pakistan's foreign exchange earnings is largely due to increase in the volume of exports. Jute … is expected to bring twice as much dollars and sterling as last year. … The cotton boom also has played a great part in boosting Pakistan's dollar and sterling earnings. — Staff correspondent

LETTERS TO THE EDITOR

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Letters may be edited for purposes of clarity and space. All letters should carry the writer's address, CNIC and phone numbers.

Incivility, divisions stand normalised

OVER the last few years, we have seen a lot of polarisation in Pakistani politics, resulting in a massive divide in society based on political narratives and biases. A recent exchange of remarks involving two senior representatives of society in a debate over a road development project attracted much attention not due to its content policy, but because the exchange, to put it mildly, was rude. It could have been a chance to clear up priorities and schedules, but the debate turned out to be an example of what massive, intense and hate-filled political polarisation can do to public discourse.

To be fair, public development projects are not merely theoretical arguments because they involve taxpayers' money and long-term planning. Whenever these disputes become personal, the discussion ceases to be about accountability. Theatrics take centre-stage and critical questions are left unanswered.

Political conflict is not only unavoidable, it is indispensable. Nevertheless, it can be used in a democratic fashion only when based on facts, and expressed in a modest manner. Angry words will please partisan feelings, but do little to convince a suspicious people that what they are watching is not political grandstanding.

There are other general questions of institutional culture that came up as the episode unfolded. Are there enough platforms where issues can be raised without having a public confrontation? Parliamentary and review committees are there to address such crucial issues, and when these vital mechanisms are short- circuited or compromised, the spilling of the conflict into the wider open arena is bound to be unproductive.

National media coverage contributes to this as well. Although it is impossible to avoid the act of reporting conflict, the continued focus on rhetoric rather than policy is like normalising incivility. The fact is that media focus on the planning of the project, the sources of financing, the environment, and control mechanisms would have improved societal knowledge on the matter, and would have most definitely made the decision-makers a bit more responsible.

People's representatives should understand that their tone affects the outcomes. Debating or expressing a difference of opinion in a respectful manner can help in enlightening the opposing parties and improving systems and mechanisms. When they prefer to do it the other way, they only stall development itself.

A discipline in word choices, institutional action, and problem-oriented discourse would enable effective development projects to be evaluated based on their true merits, and not be misconstrued. That change is rather critical in terms of regaining people's trust in the system.

Naimat Ullah Khan
Lahore

Serving the elite

AS per the decision taken a few months ago by the Punjab government, all recruitments will now be made on a lump-sum pay basis to eliminate the so-called burden of pension. I am surprised to learn that this amendment applies to all Punjab government employees except the Provincial Management Service (PMS) employees, who, for some strange reason, are not considered government servants. They are differentiated by being called 'public servants'.

Both are the same. The interpretation has been manipulated by the bureaucracy in its own interest. This is injustice to all those recruited as engineers, doctors, scientists, lecturers, etc. through the Punjab Public Service Commission.

The country has already suffered much owing to the misplaced supremacy of non-technocrats. The real issue of financial burden is corruption, not pension. The rules are made and repealed by the elite for the elite.

The recent example is of a case in which double benefit of pension and salary has been restored on rehiring of a retired employee in the interest of the elite class. This is not rational and will deteriorate the existing level of bad governance in the country. We have been experimenting for the last almost eight decades without any betterment in sight. This amendment needs clarification and review.

Muhammad Jaffer
Lahore

Women in business

WOMEN representation across Pakistan's institutions remains deeply imbalanced. Despite possessing immense potential for meaningful and active participation in all affairs, women continue to have a minimal presence in most key decision-making sectors.

For example, a higher participation of women in Customs alone could open substantial opportunities, as it is a front-line department that is directly linked with trade and logistics. However, it has been observed that women entrepreneurs face several challenges when entering this field.

Beyond the initial entry barriers, many women lack exposure to Customs laws, tariff structures and global shipping procedures, underlining the utter need of capacity-building efforts.

Additionally, workplace safety concerns at ports, border posts, and bonded warehouses further discourage women from joining the profession.

The government should play a proactive role by encouraging women's participation in trade and business. Greater involvement of women can support the revival of economy, and also enhance visibility in logistics, trade and customs in line with

the principles of gender-responsive trade facilitation outlined in various World Customs Organisation (WCO) agreements. Such steps would strengthen Pakistan's global image regarding gender parity, and ensure inclusive and equitable trade growth.

The government may encourage women to run firms in niche segments, such as small exports, handicraft, information technology (IT) equipment and e-commerce shipments.

Moreover, a specific quota of customs clearing, forwarding and shipping agent licences may be issued to our women to increase their presence.

The various chambers of commerce in the country must also be encouraged to expand women's membership. Simplified initiatives would economically empower women and open new entrepreneurial avenues, as women entrepreneurs often demonstrate much higher compliance with regulatory requirements.

Establishing women-only counters and operational desks at ports, dry ports and border stations would also promote the ease of doing business.

The participation of women can also be increased through financial incentives, partnership models, and the provision of other requisite facilities. These steps can ensure inclusive trade operations.

Shahid Ali Abbasi
Karachi

Khuzdar hospital

THE state of healthcare dispensed at the emergency ward of Khuzdar Civil Hospital (KCH) is deteriorating alarmingly. What should be a place of healing has become a symbol of neglect, mismanagement and corruption. During a recent visit, I witnessed a situation that no citizen should ever experience in a public-sector healthcare facility.

Unfortunately, basic medical supplies, like bandages, syringes, medicines and even simple drips, were unavailable.

Equally troubling was the sheer lack of competence among some of the staff on duty. Nurses struggled with routine procedures, such as cannula insertion, causing pain and distress to the already suffering patients. This raises serious concerns about the quality of training and oversight in public-sector hospitals.

More disturbing, however, is the pattern of patients being told to purchase urgently required medicines and even saline drips from pharmacies, and those close to the premises tend to sell them at unreasonable prices. This practice points to a deeply entrenched system targeting exploitation of the poor.

Who is responsible for this decay? Why do administrators, who are entrusted with management, and doctors, who have sworn an oath to protect life, allow such malpractice to continue?

The relevant authorities should hold a surprise audit of the hospital's pharmacy and supply chain. There should be strict disciplinary action against anyone involved in negligence or corruption. There should be mandatory training and skill evaluation for nursing and technical staff, and a transparent and public mechanism to report shortages and misconduct.

Public-sector hospitals are the only hope for thousands of underprivileged citizens. Allowing such conditions to persist is a grave injustice and a violation of their fundamental right to healthcare.

M. Ikram Jalali
Khuzdar

▶ **PUBLIC TRANSPORT:** With over six million registered vehicles, Lahore's road infrastructure is on the verge of collapse. A prime example is the Canal Road expansion. Despite widening lanes and adding underpasses, the road remains a virtual parking lot during peak hours. This proves that induced demand is real: more lanes simply invite more vehicles. Meanwhile, the Orange Line Metro Train remains underutilised by the car-owning class due to poor, last-mile connectivity. We do not need more signal-free corridors. We need strict lane enforcement and a congestion tax for high-density commercial zones, like Gulberg. The solution is an efficient public transport system, not wider roads.
Muratab Ali
Lahore

▶ **GAS PRESSURE:** With the dip in winter temperatures, residents of Rawalpindi and Islamabad, particularly in Satellite Town and its surrounding blocks, have been struggling with nearly non-existent gas supply during peak hours. It is impossible for families to cook their morning and evening meals, and it leaves houses dangerously cold. This situation forces poor and middle-class citizens to buy expensive LPG cylinders, or use electric appliances, adding a major financial burden that they cannot sustain. The Sui Northern Gas Pipelines Limited (SNGPL) authorities should investigate the issue. Urgent steps must be taken to ensure a fair and adequate supply of gas pressure to all domestic consumers.
Zoya Khattak
Rawalpindi

▶ **PROTOCOL:** Every time a VIP or political leader travels, the roads are blocked for hours. People get stuck in traffic, and reach work or home very late. The public should not suffer like this. Sometimes it becomes a matter of life and death. How can people respect such a system that does not care about its own citizens? Respect should come from good work and care for the people, not from sirens, convoys and roadblocks. The government should end these unnecessary and oppressive protocols.
Ahad Jasra
Islamabad

External Ombudsman

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